BASS STRAIT OIL

Oil for Australians

INVESTOR PRESENTATION

May 2014

Corporate Summary

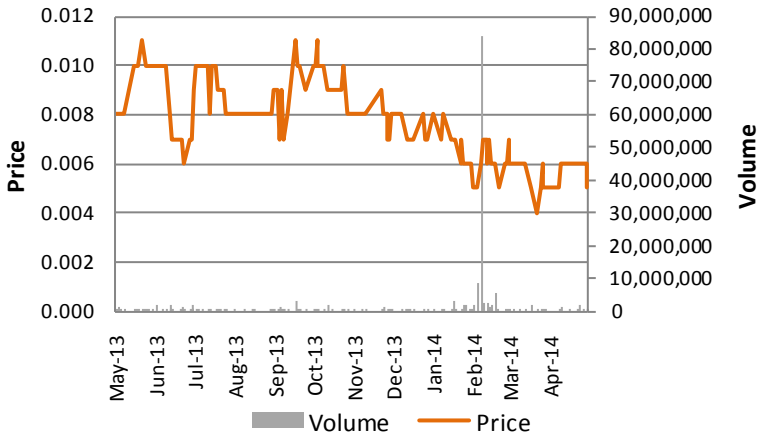
Key Message

- **Strategic acreage positions in Gippsland and Otway Basins**
- **Gippsland Basin is the focus of recent industry activity, driven by strong East Coast gas outlook**
- **Otway Basin position provides exposure to both conventional and unconventional plays**
- **Significant upside and leverage to East Coast gas thematic and further industry consolidation**

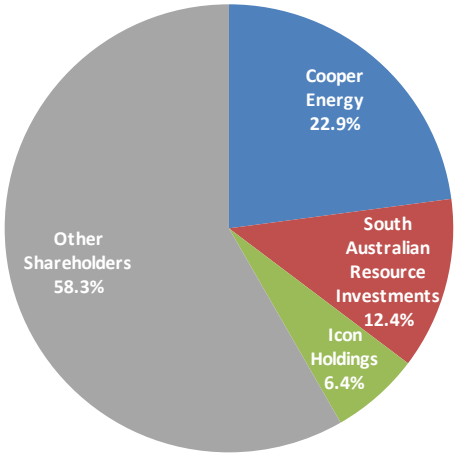
Capital Structure

Shares on Issue	518.3M
Options (Exercisable at $0.04 by 14/10/14)	10.0M
Market Cap (@ $0.005)	**$2.6M**
Cash (31/03/14)	$1.0M
Enterprise Value	**$1.6M**
12 Month Trading Range	$0.004 – $0.011

Trading History



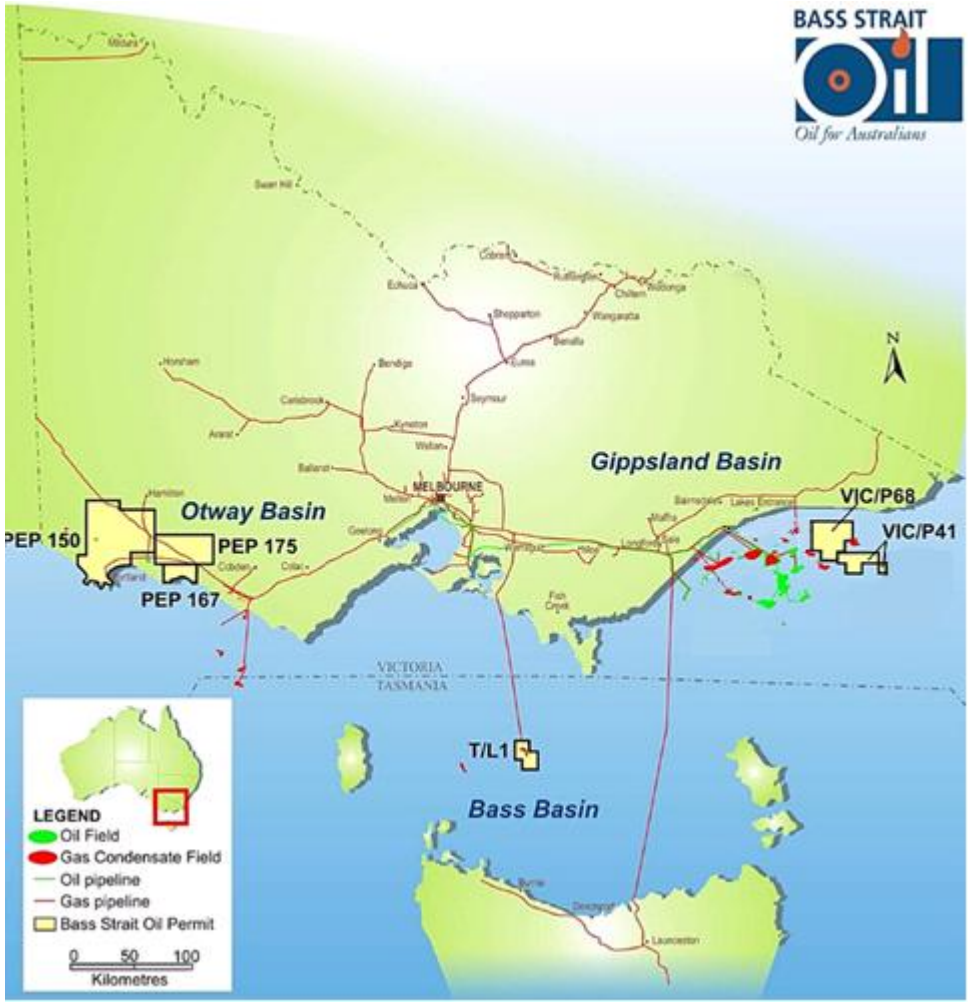
Share Ownership Summary



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Investment Highlights

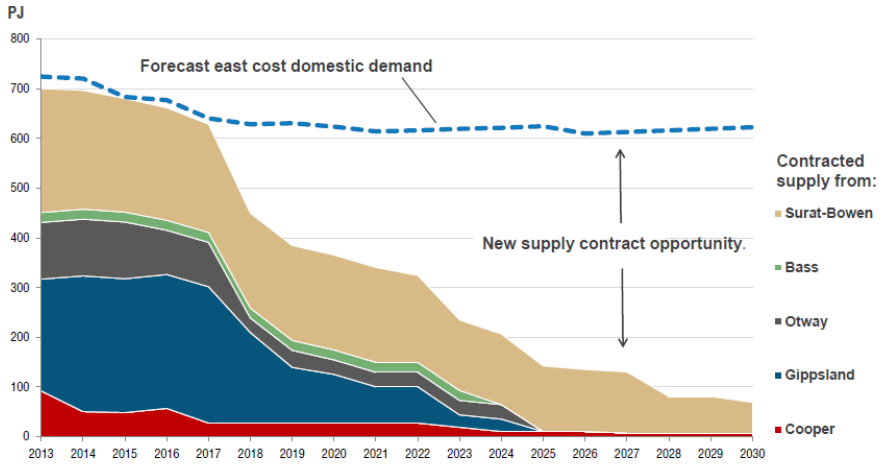
- ✓ **Concentrated, trend focused acreage holding in two productive basins**
- ✓ **Permits located close to existing producing fields, infrastructure and gas markets**
- ✓ **Exposure to strong outlook for East Coast gas demand**
- ✓ **Gippsland Basin is the centre of recent industry activity (Seven Group/Nexus, Cooper Energy/BMG Project, Cooper Energy/BAS)**
- ✓ **Formal process underway for Gippsland Basin permits – seeking to maximise near-term value for shareholders**
- ✓ **Leverage to regional drilling activity in Otway Basin (Beach Energy and Cooper Energy) – conventional and unconventional potential**
- ✓ **Clear corporate strategy implemented to maximise shareholder value**



Eastern Australian Gas Market

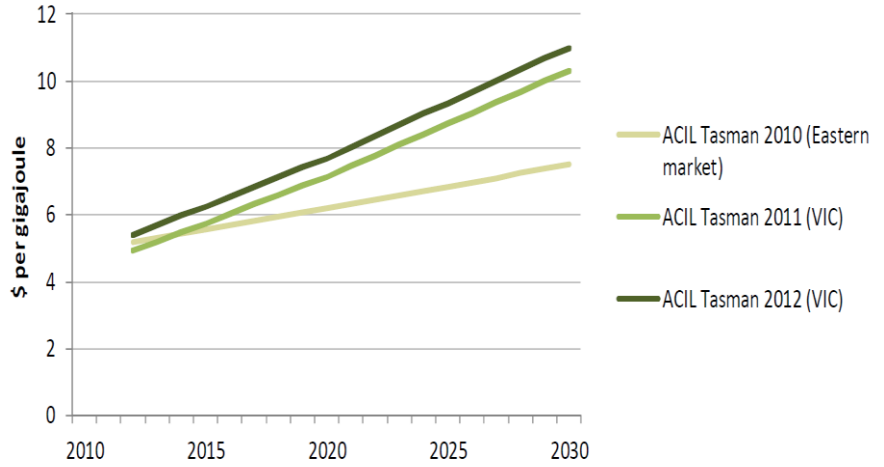
- **Robust outlook for domestic gas demand – commercial demand and shortfall for LNG export projects**
- **Limited supply options – prompting renewed industry activity in Gippsland and Otway Basins**

East Coast Gas Demand & Contracted Supply



Source: EnergyQuest; Cooper Energy Investor Presentation 2014

Price Projections have been Revised Upwards

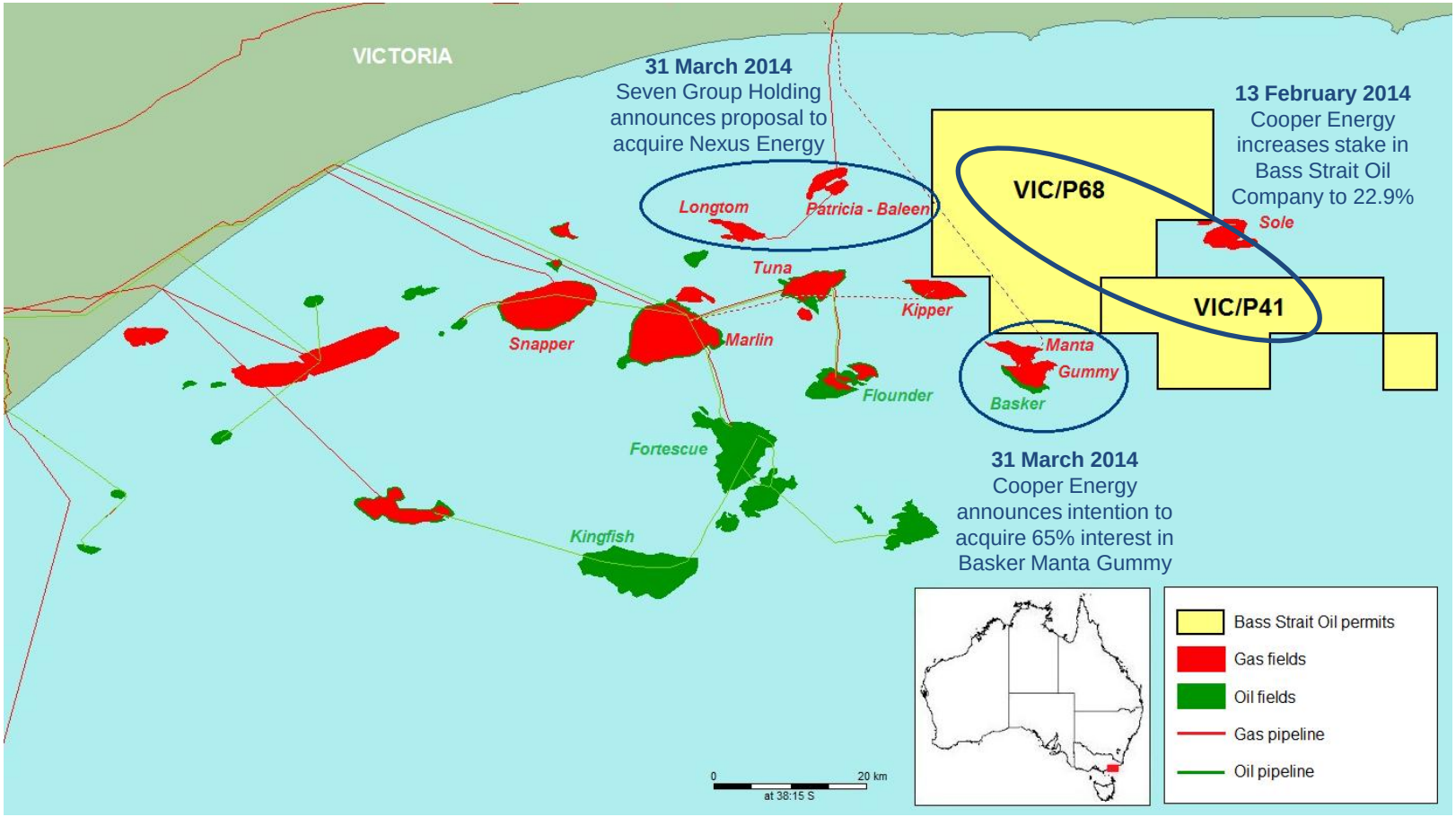


Source: The Australian Industry Group - July 2013

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Gippsland Basin Dynamics

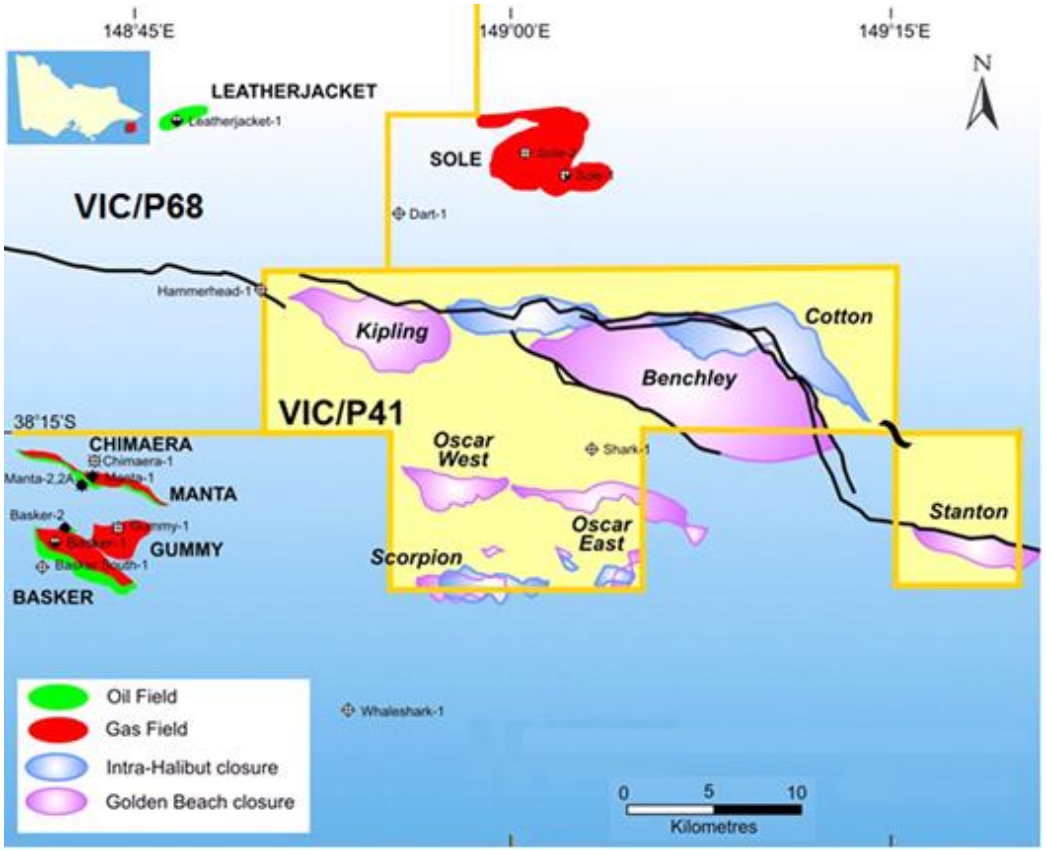
Improving gas economics has resulted in transactional activity in and around Vic/P68 and Vic/P41



GIPPSLAND BASIN (VIC/P41)

VIC/P41 (BAS 64.565% & Operator)

- Located 40km south of the Victorian Coast
- Provides exposure to the easterly extension of proven producing trends
- 3D-defined, high impact gas prospects identified
- Prospective Resource estimates (gas & liquid condensate)*;
  - Low estimate – 506.5 Bcf & 24.2 MMbbls
  - Best estimate – 739.7 Bcf & 35.3 MMbbls
  - High estimate – 2,278.8 Bcf & 109.3 MMbbls
- JV is undertaking reprocessing and merging of multiple 3D datasets and selected QI/AVO analyses - scheduled for completion in 3Q 2014



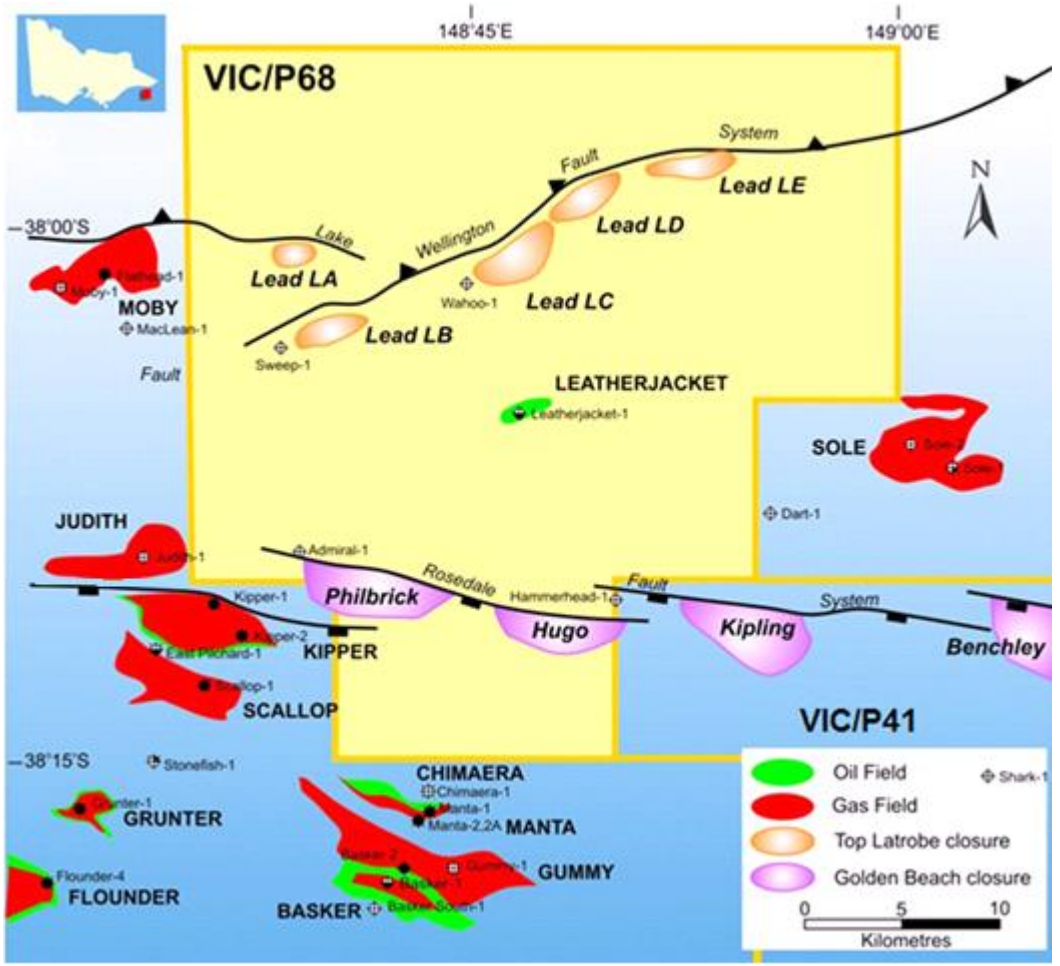
**The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Refer slide 16 for further information on the reporting of Prospective Resource estimates.*

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Gippsland Basin (Vic/P68)

VIC/P68 (BAS 100% & Operator)

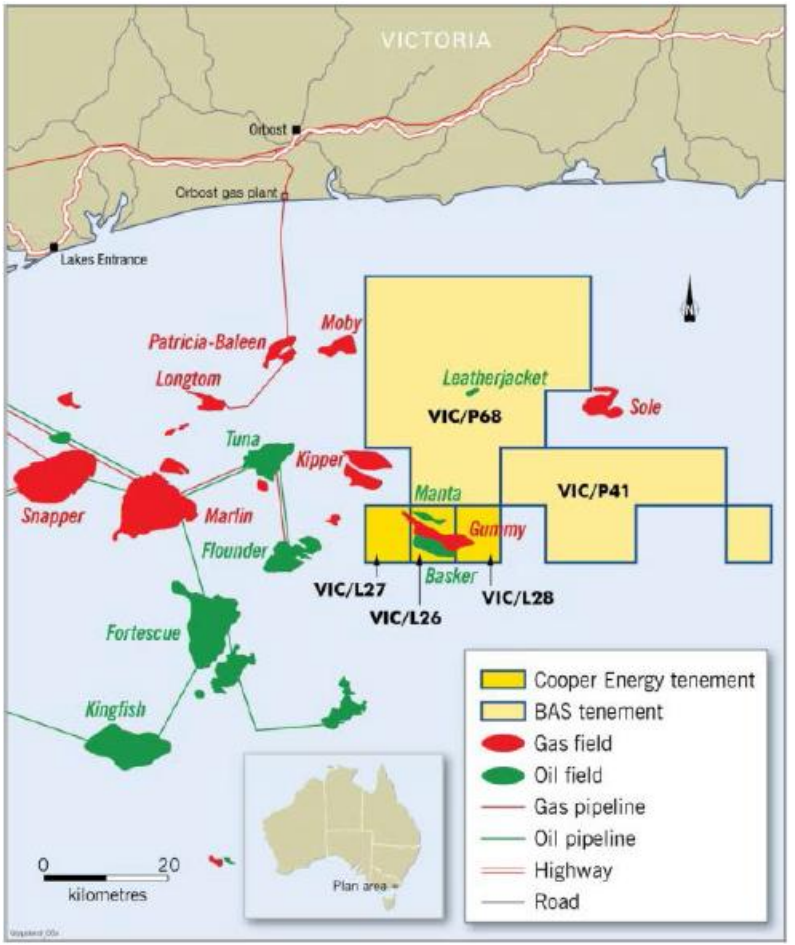
- Permit granted in May 2012 for 6 year term
- Prospective for oil and gas across the Rosedale Fault Trend and Lake Wellington Fault Trend
- Contains the Leatherjacket oilfield which has contingent resources estimated at;
  - 1C – 3.0 MMbbls
  - 2C – 4.7 MMbbls
  - 3C – 7.6 MMbbls
- Current year work program focused on geological and geophysical studies to identify locations for 3D seismic acquisition



Gippsland Basin Dynamics

Cooper Energy – Basker Manta Gummy (BMG)

- Aug/Sept 2012 - Cooper Energy acquires 19.9% equity in BAS
- May 2013 - BAS increases interest in Vic/P41 to 64.565%
- July 2013 - Terms agreed with Cooper Energy to farm-in to Vic/P41 & Vic/P68
- August 2013 - Cooper Energy commence 3D seismic reprocessing and QI Study in the Gippsland Basin with focus on Vic/P41 and Vic/P68 (work is ongoing and is scheduled to conclude shortly)
- November 2013 - BAS major shareholder blocks Cooper Energy farm-in
- February 2014 - Oil Basins Limited exits shareholding in BAS & Cooper Energy increases equity interest in BAS to 22.9%
- March 2014 - Cooper Energy acquires 65% of Basker Manta Gummy production licenses and notes *"Cooper Energy's BMG interest is complemented by its 22.9% shareholding in Gippsland Basin explorer Bass Strait Oil Company Limited (BAS), which holds a number of permits in close proximity to BMG".*



Gippsland Basin Dynamics

Improving economic viability of Gippsland Basin gas resources

- Economic viability of Gippsland Basin gas resources have been significantly improved with increases in domestic gas prices
- Access to the resource potential in Vic/P41 and Vic/P68 is likely to be important to the success of the BMG development
- Cooper Energy is continuing to evaluate the Bass' Vic/P41 and Vic/P68 permits via the 3D seismic reprocessing and QI study work which is close to completion
- Continuing strength in east coast gas prices and corporate action in the Gippsland Basin support the view that the Bass acreage has increased in value that is not reflected in the current share price
- GMP Securities engaged to undertake divestment

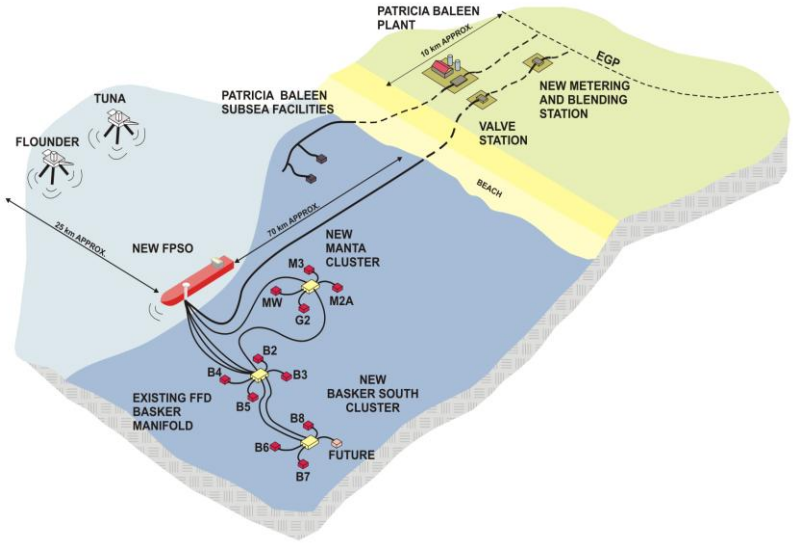


Fig 1 Possible development scenario of the BMG production licenses

Otway Basin

Large onshore acreage holding prospective for conventional and unconventional gas

PEP 167 (BAS 100%)

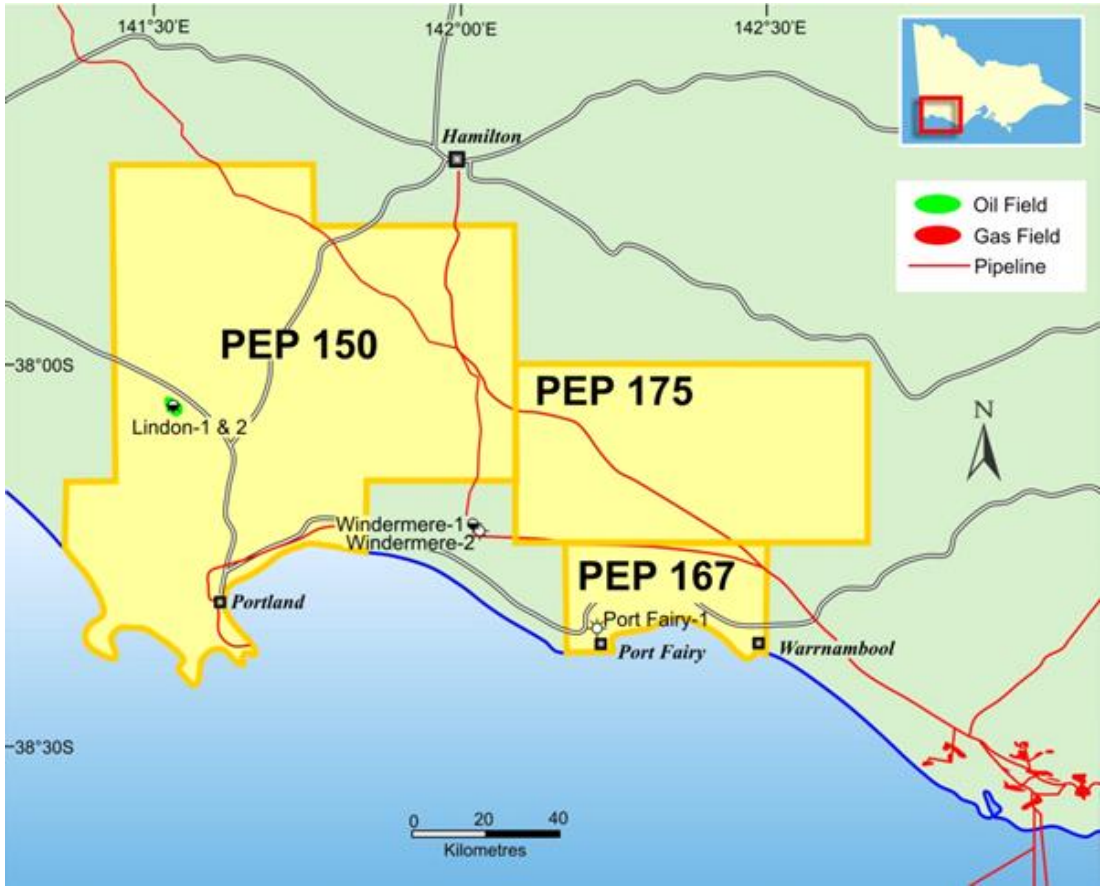
- 408 km^2 permit area focused on Casterton unconventional play and Waarre conventional gas play

PEP 175 (BAS 100%)

- 1,419 km^2 permit area focused on Casterton unconventional play
- Progressing geological and geophysical studies

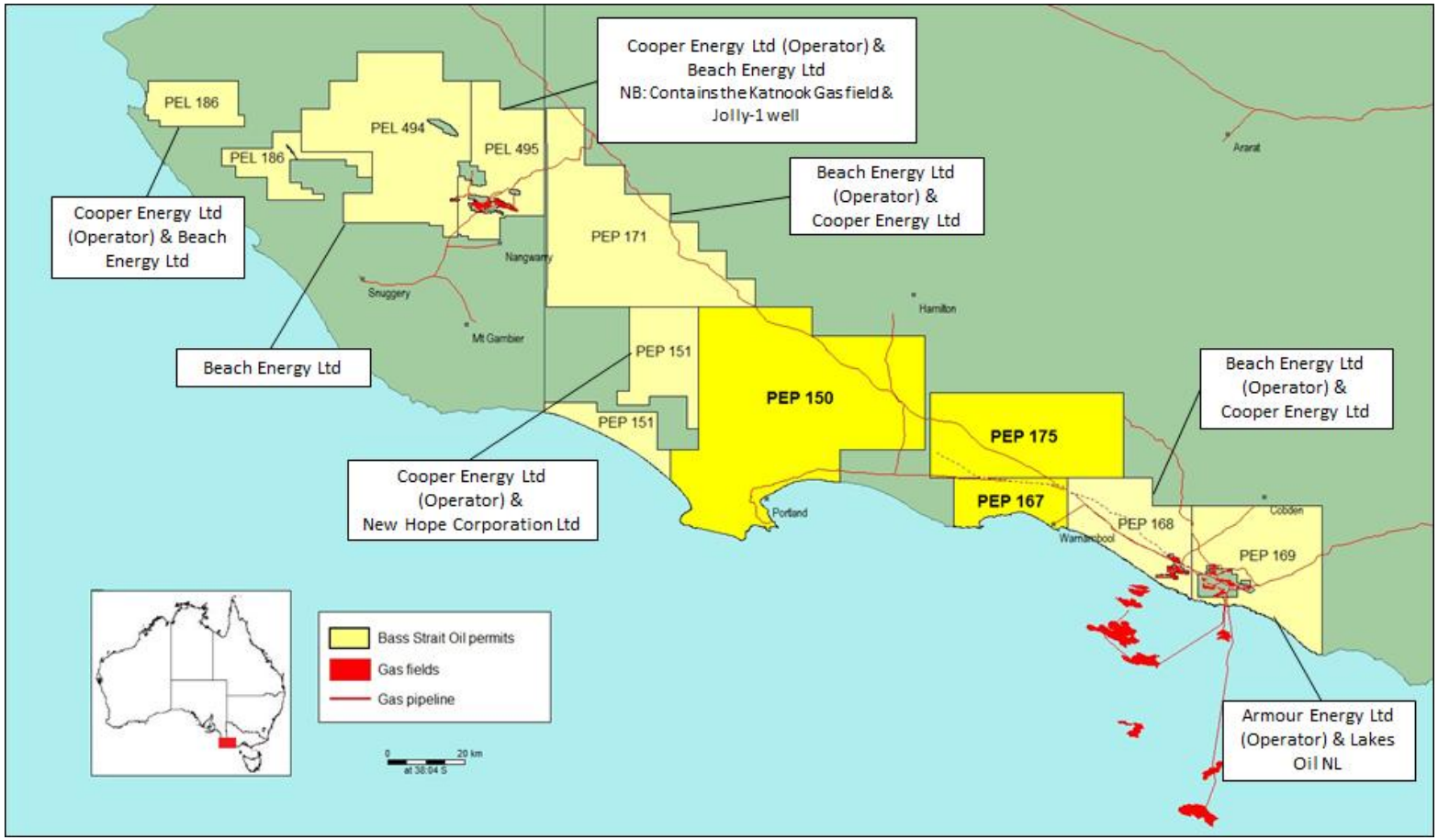
PEP 150 (BAS 15%)

- Permit was granted for an initial 5 year term effective from 26 August 2013
- Permit is considered to be prospective for both oil and gas in the Sawpit and Casterton Formations, in both conventional and unconventional plays



Otway Basin

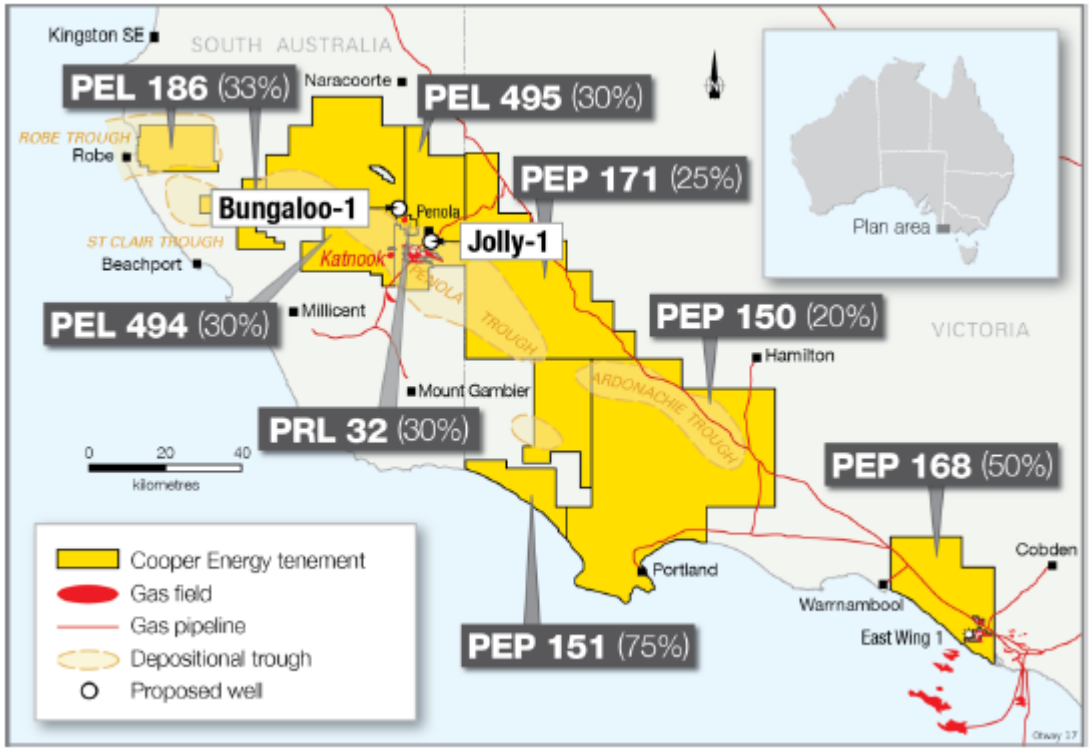
High quality neighbours



OTWAY BASIN

Nearby drilling activity and catalysts

- Jolly-1 was drilled in the onshore Otway Basin PEL 495 (Cooper Energy 30%)
- The well was drilled outside of structural closure, targeting the gas potential of the Casterton Formation in the Penola Trough
- Jolly-1 was drilled to a total depth of 4,026 metres, which is the deepest petroleum well in the onshore Otway Basin
- Elevated mud gas readings were observed during the drilling of Jolly-1 over a gross interval of 340 metres of the Lower Sawpit Shale (from 3,430 metres to 3,770 metres) which contains extensive sandstone intervals
- Conventional core recovered from the Lower Sawpit (27 metres) and Casterton Formations (51 metres) at Jolly-1 is being analysed for porosity, permeability and gas content and this, together with information gathered at the next well
- Bungaloo-1, will form the basis of an assessment of the gas potential of the Penola Trough and was spudded 22nd April 2014
- Results impact exploration value of PEP 150



Source: Cooper Energy Investor Presentation

Forward Work Program

	Permit	Current Year	Current Year Committed Work Program	Subsequent Committed Work Program
Gippsland	Vic/P41	Year 3, Third Term (29/11/2013 - 28/11/2014)	Geological & Geophysical Studies	Drill one exploration well
	Vic/P68	Year 2, First Term (04/05/2013 - 03/05/2014)	Geological & Geophysical Studies	225km^2 3D Seismic Acquisition
Otway	PEP 150	Year 1, First Term (26/08/2013 – 25/08/2014)	Geological & Geophysical Studies & Acquire 50km 2D seismic	Drill one exploration well
		Application for suspension lodged by Operator		
	PEP 167	Year 1, Second Term (02/07/2012 – 01/03/2014)	Geological & Geophysical Studies	Geological & Geophysical Studies
	PEP 175	Year 1, First Term (18/04/2013 – 17/04/2014)	Geological & Geophysical Studies	Seismic Reprocessing & Preparation

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Corporate Strategy

Completed

Consolidate Portfolio & Reduce Costs

- Withdrawn from deep water permits and those with prohibitive near term drilling obligations in the offshore Gippsland Basin:
  - Vic/P66
  - Vic/P42
  - Vic/P47
- Reduced corporate overheads

Commenced

Divest/Farmout Gippsland Basin Portfolio

- Formal divestment process announced for offshore Gippsland Basin portfolio:
  - Vic/P41
  - Vic/P68
- GMP Securities Australia appointed to assist with divestment process
- VDR and marketing data being prepared

Ongoing

Seek New Exploration, Appraisal & Production Opportunities

- Any proceeds from divestment process to potentially fund new ventures
- Ongoing screening for new exploration, appraisal and production opportunities with a focus on:
  - Low up-front costs
  - Located in low risk jurisdictions
  - Pathway to production

Corporate strategy implemented to maximise shareholder value

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SUMMARY

BAS is poised to leverage its strategic acreage positions in Gippsland and Otway Basins to deliver value for shareholders

- ✓ The Company has consolidated activity around permits of high value in the Gippsland and Otway Basins
- ✓ Strategically positioned to benefit from East Coast gas thematic and potential industry consolidation
- ✓ Cooper Energy is actively evaluating the prospectivity of Bass' Gippsland Basin permits which could logically form part of the recently acquired Basker Manta Gummy development
- ✓ Bungaloo-1, the second of two deep wells targeting the Casterton formation, is currently being drilled in the Otway Basin with results linking to PEP150 prospectivity
- ✓ Divestment process for Gippsland Basin acreage aimed at realising near-term value for shareholders

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The Company accepts no responsibility to update any person regarding the information contained in this presentation.

HYDROCARBON REPORTING

The technical basis for the High, Medium and Low cases of Kipling and Benchley reflect the interplay of structural closure, reservoir thickness and AVO anomalies. For both Kipling and Benchley:

- The Low Case is defined as structural closure alone and this is confined to an area where the reservoir unit is a thin veneer over an underlying fault block.
- The Mid Cases are made when a pinch-out of the reservoir onto the underlying fault blocks is invoked. In this case there is a greater structural closure and it is in an area of thicker reservoir. This is a reasonable alternative interpretation on the current seismic data set.
- The High Cases for Kipling and Benchley arise when the AVO anomalies are used to define the structural closure, which necessitates fault seal.

Ongoing work to further define the resource includes the work being undertaken by the Joint Venture via the 3D seismic reprocessing and QI Studies, interpretation and planned fault seal studies. The Company assesses the cumulative total risk for the prospects at 70% for Kipling and Benchley and 50% for Stanton. Inverting these risks estimates the 'chance of discovery' being 30% for Kipling and Benchley and 50% for Stanton.

The Company views any discovery as having a high chance of development due to the ongoing work being undertaken by others associated with the Basker Manta Gummy production licenses. The Company is not in a position at this time to assess a quantitative estimate of chance of development.

COMPETENT PERSON'S STATEMENT

This report contains information on petroleum resources which is based on and fairly represents information and supporting documentation prepared by Ms Dianne Muller who is a consultant to Bass Strait Oil Company, is a member of the American Association of Petroleum Geologists and a qualified Petroleum Reserves and Resources evaluator in accordance with ASX listing rule 5.41 and has consented to the inclusion of this information in the form and context in which it appears.

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